

Message Text

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PAGE 01 DHAHRA 00429 090920Z

ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 FRB-03 OMB-01

XMB-02 IGA-02 PM-04 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 DODE-00 /060 W

-----091121Z 010785 /21

R 090830Z APR 77

FM AMCONSUL DHAHRAN

TO SECSTATE WASHDC 5360

INFO AMEMBASSY JIDDA

USLO RIYADH

LIMITED OFFICIAL USE DHAHRAN 0429

E.O. 11652: N/A

TAGS: EFIN, BGEN, SA

SUBJECT: SAG CLOSES CITIBANK'S REPRESENTATIVE OFFICE IN EASTERN
PROVINCE

1. POST HAS BEEN ADVISED BY MEMBER OF LOCAL CITIBANK
REPRESENTATIVE OFFICE THAT IT IS BEING CLOSED DOWN BY
SAUDI ARABIAN MONETARY AUTHORITY (SAMA). CITIBANK PLANS TO
CLOSE UP REP OFFICE BY MAY 15 AND FORM EASTERN PROVINCE
UNIT INSIDE ITS RIYADH OFFICE, WHICH WILL SERVICE BANK'S
CUSTOMERS IN THE DHAHRAN AREA.

2. BACKGROUND TO CITIBANK REP OFFICE CLOSURE RELATES TO
FACT THAT UNDER LONG-STANDING SAMA REGULATIONS, CITIBANK
SHOULD NEVER HAVE HAD REP BASED EASTERN PROVINCE
(FOREIGN-OWNED SAUDI BANKS CAN OPEN ONLY TWO FACILITIES
AND CITIBANK HAS ITS TWO IN JIDDA AND RIYADH). PREVIOUS
SAMA GOVERNOR HAD GIVEN ORAL APPROVAL FOR CITIBANK REP
OFFICE HERE SEVERAL YEARS BACK AND IT HAD OPERATED
QUIETLY UNTIL LATE LAST YEAR WHEN THE AMERICAN
BANK BEAT OUT THE NATIONAL COMMERCIAL BANK (A
SAUDI BANK WITH FIRST BOSTON CORP MANAGEMENT
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COMPONENT) TO FIANCNE A US-SAUDI INDUSTRIAL
JOINT VENTURE IN NEARBY DAMMAM. CITIBANK
EMPLOYEES HERE BELIEVE THAT FIRST BOSTON BANKERS WITH
NATIONAL COMMERCIAL WERE POOR LOSERS AND FILED FORMAL COMPLAINT
WITH SAMA CONCERNING CITIBANK OFFICE OEPERATING OPENLY IN
EASTERN PROVINCE. CITIBANK WAS CONFIDENT THAT
MATTERS WOULD BE SET RIGHT (AND THOUGHT IF MIGHT EVEN RECEIVE

WRITTEN SAMAM APPROVAL FOR REP OFFICE TO OPERATE
HERE), BUT, IN WORDS OF ONE CITIBANKER, "ONCE
FACED WITH SAUDI BANK COMPLAINT, SAMA DIDN'T
HAVE MUCH CHOICE BUT TO CLOSE DOWN REP OFFICE."

3. CITIBANK REPS HERE DRAW NO CONNECTION BETWEEN
REP OFFICE CLOSURE AND SAG'S EFFORT TO HAVE CITIBANK
TAKE SAUDI PARTNERS INTO THE US BANKS'S SAUDI ARABIAN
SUBSIDIARY. REP OFFICE MEMBER STATES THAT SUPERIORS
IN RIYADH FEEL THAT "SAMA IS QUITE HAPPY" WITH PRESENT
NUMBER OF SAUDI-FOREIGN JOINT BANKING VENTURES AND
DOES NOT DESIRE TO ENCOURAGE ADDITIONAL ONES AT THIS
TIME.
BUSHNELL

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Message Attributes

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